



TO: Elizabeth Pauli, City Manager
FROM: Kathryn Johnston, Budget Officer, Office of Management & Budget
Andy Cherullo, Director, Finance Department
COPY: City Council and City Clerk
SUBJECT: Ordinance- Create new fund for American Rescue Plan (ARP) funding
DATE: April 7, 2021

SUMMARY AND PURPOSE:

This Ordinance creates a new fund, the “American Rescue Plan Fund” (ARP Fund), for the dedication, segregation and tracking of any moneys received related to the American Rescue Plan Act of 2021, approved by the Congress of the United States in March 2021. The proposed fund will promote transparency for dollars received as part of this legislation and track expenditures related to the American Rescue Plan Act (ARP).

BACKGROUND:

On March 11, 2021, President Joseph R. Biden, Jr., signed the American Rescue Plan Act of 2021. This act provided significant funds to new and existing government programs. One important provision of the legislation was direct funding to the nation’s municipal governments, including the City of Tacoma. Current estimates indicate that the City may receive approximately \$63 million in direct aid from the Federal Government. There are additional funds that may come to the City through various channels, including the State of Washington, Pierce County and other agencies of the Federal Government. In order to track these funds in a transparent manner, the Finance Department/Office of Management & Budget recommend the creation of a new fund for the dedication, segregation and tracking of any moneys associated with the ARP.

This Department’s Recommendation is Based On: Governmental fund accounting standards, best practices and past precedent. The City routinely creates new funds to track dedicated revenues and/or expenditures. Examples of funds created in the past include 2015 Voted Streets Initiative Fund used to track money dedicated for that Initiative.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The creation of this fund is an administrative function. This action does not direct how any monies are received nor expenditures are made from the ARP funds. City staff are working on various engagement methods to understand the community’s priorities on how the ARP funds should be expended. This new fund will help City staff have a dedicated place to track revenue and expenditures, which will promote transparency for the City Council and community to track these funds after community engagement actions are complete.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

The creation of a new fund dedicated to ARP will not directly improve accessibility or equity goals. However, this new fund will help the City Council, City Manager, City Departments, and general public view how the funds are collected and spent and evaluate their alignment with equity and accessibility goals.

Civic Engagement:

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.



Explain how your legislation will affect the selected indicator(s).

Transparency is an important method for creating trust with the community. The creation of a new fund will help foster transparency with Tacoma residents by tracking where money associated with the American Rescue Plan is received and spent. The Office of Management and Budget reports on funds and strives to make them available to the public in a timely manner. These steps can help residents understand how money is spent.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Create a New Fund (recommended action)	Helps segregate funding from the Federal Government; promotes transparency, helps with tracking and auditing expenditures.	None identified.
2. Create new sub-funds	Helps segregate funding from the Federal Government; promotes transparency.	Existing funds are large and many already have sub-funds within them. Reporting and auditing may become more complex. This will not be as transparent to track since ARP funds will be blended with other monies in the parent Fund
3. Create new cost centers	Creates a tracking mechanism for funding from the Federal Government	Existing funds are large and reporting and auditing may become more complex. This mechanism may produce more opportunities for human error. This method will not be as transparent.
4. Take No Action	No additional administrative actions are necessary	Staff would decide which fund or funds to deposit ARP funds. Tracking revenues and expenditures would be more complicated and less transparent to the public. This mechanism will produce opportunities for human error.



EVALUATION AND FOLLOW UP:

There will be continuous efforts to engage the City Council and the broader community on how ARP funds are received and expended. Creation of this fund will help the City Council, the City Manager, staff, and the community track and evaluate how these funds are spent.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends the creation of the new fund to help track and report on funds associated with the American Rescue Plan Act of 2021.

FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.			
2.			
TOTAL			

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

NO, PLEASE EXPLAIN BELOW

Revenues from the American Rescue Plan are not currently budgeted in the 2021-2022 Biennial Budget.

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City’s FTE/personnel counts?

No

Please enter Explanation.

ATTACHMENTS:

List attachments using bullet points.